



RBA:
CITY OF AUSTIN
RECOMMENDATION FOR BOARD ACTION

AGENDA ITEM NO: 5
AGENDA DATE: 9-27-07
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SUBJECT: Approve the negotiation and execution of a long-term ground lease of 904, 908, 912, & 916 Neal Street and a loan under the Rental Housing Development Assistance Program in an amount not to exceed \$500,000 to COMMUNITY PARTNERSHIP FOR THE HOMELESS, INC., Austin, TX, or its affiliate, in compliance with applicable requirements and performance goals, to develop six units of affordable rental housing for homeless and low-income families.

AMOUNT & SOURCE OF FUNDING: \$500,000 is available in the Fiscal Year 2007-08 Austin Housing Finance Corporation budget allocation under the Rental Housing Development Assistance Program. The loan is anticipated to be funded with City of Austin Housing Trust Funds.

FISCAL NOTE: There is no unanticipated fiscal impact. A fiscal note is not required.

REQUESTING	DIRECTOR'S
DEPARTMENT: Austin Housing Finance Corporation	AUTHORIZATION:

FOR MORE INFORMATION CONTACT: Paul Hilgers, Executive Director, Austin Housing Finance Corporation, 974 3108

PRIOR BOARD ACTION: N/A

PRIOR COUNCIL ACTION: N/A

The subject property consists of four adjacent lots located at 904, 908, 912 and 916 Neal Street comprising .75 of an acre of land formerly owned by the City as surplus property. To facilitate its development, a Request For Proposals was published on September 18, 2006, to which COMMUNITY PARTNERSHIP FOR THE HOMELESS, INC. (CPH) was the only eligible respondent.

Upon Board approval, the Neal Street property will be made available to CPH through a long-term lease agreement for the development of six units of affordable rental housing for homeless and low-income families. The ground lease will be a deferred-payment lease agreement in an amount of \$16,000 per year for a minimum of 10 years, or such other terms as may be reasonable and necessary to facilitate the development of the project. Rental Housing Development Assistance (RHDA) Program funds requested will assist CPH in completing the project. Funds will be provided in the form of a deferred payment loan in an amount not to exceed \$500,000 at zero percent interest for a minimum term of 40 years, or such other terms as may be reasonable and necessary to finance the project. Lease payments

and the repayment of the loan will be deferred on a yearly basis for the duration of the 40 year period, contingent upon compliance with the loan agreement.

All six units will serve low-income families who are homeless or at risk of being homeless with an emphasis on single parent military veteran households with dependents with disabilities that may encompass both physical and behavioral health challenges. Yearly income of eligible households will be no more than 50 percent of the Austin area's median family income (MFI) - currently \$35,550 for a family of four.

The project includes a single-family two-bedroom/one-bath unit, a duplex with each unit comprised of two-bedrooms/one-bath, an additional duplex with each unit comprised of three-bedrooms/two-baths, and a single-family four-bedroom/two-bath unit. Projected monthly rents range from \$400 to \$600 for two-bedroom units, \$450 to \$700 for three-bedroom units and \$600 to \$800 for the four-bedroom unit. Residents will pay no more than 30 percent of their adjusted gross income for rent and utilities. A minimum of one unit will be made accessible for persons with mobility disabilities, and one unit will be made accessible for persons with hearing or vision disabilities.

The project is proposed under the RHDA Program that provides federal and non-federal assistance as gap financing for the development of affordable rental housing for low- and moderate-income families and persons with special needs. In addition to RHDA Program financing requested, funds have also been secured from the U. S. Department of Housing and Urban Development (HUD) for development of the project. In addition, CPH receives funding from the U. S. Department of Veterans Affairs for an array of support services that includes rent subsidies. The project is subject to RHDA Program requirements, applicable S.M.A.R.T. Housing™ standards, and environmental review and federal fund release requirements. Estimated sources and uses of funds for the project are as follows:

<u>Sources:</u>		<u>Uses:</u>	
FHUD Grant	\$ 100,000	Preddevelopment	\$ 19,000
Owner equity	105,900	Construction	566,900
RHDA funds	<u>500,000</u>	Soft costs	<u>120,000</u>
Total	\$ 705,900	Total	\$ 705,900

Performance measures associated with the project are as follows:

1. Develop six units of affordable rental housing for homeless and low income families with yearly incomes not to exceed 50 percent of the Austin area's MFI.
2. Provide a minimum of one unit accessible for persons with mobility disabilities, and one unit for persons with hearing or vision disabilities.
3. Develop all six units in accordance with S.M.A.R.T. Housing™ standards.

CPH is a non-profit 501(c)(3) organization certified by the City as a Community Housing Development Organization (CHDO). CPH was established in 1990 to provide transitional and affordable housing and services to low-income families and individuals who are either homeless or at risk of being homeless. Since 1990, CPH has provided more than 5,400 individuals and families with case management services, life skills

training, single parent training and referral, education and employment training and referral, and legal and health care services.

The requested funding is available in Fiscal Year 2007-2008 Austin Housing Finance Corporation's budget allocations, and the request is consistent with the City's currently approved Consolidated Plan and AHTC's strategy to provide assistance through below-market-rate financing for the development of affordable rental housing for low- and moderate-income households and persons with special needs.